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February 6, 2006

BY HAND

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station, 2nd Floor
Boston, MA 02110

Re: Blackstone Gas Company - Arrearage Management Program, D.T.E. 05-86C

Dear Secretary Cottrell:

Enclosed for filing please find the responses of Blackstone Gas Company to the First Set of Information Requests of the Department of Telecommunications and Energy in the above referenced matter. If you have any questions, please contact the undersigned.

Very truly yours,

Andrew J. Newman

AJN/lms
Enclosures

cc: Elizabeth A. Cellucci, Hearing Officer (1)
Kevin Brannelly, Director, Rates and Revenue Requirements Division (5)

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FIRST SET OF INFORMATION REQUESTS OF THE
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

BLACKSTONE GAS COMPANY
D.T.E. 05-86-C

Question:

DTE 1-1: Please provide an estimated monthly bill impact for each rate class that will be affected by the proposed Arrearage Management Program filed in DTE 05-86. The bill impacts should show the projected effect on customers bills of implementing the proposed Arrearage Management Program during the first, second, and third year that the program will be in effect. Supply all assumptions and calculations relied upon to develop and support these estimated bill impacts.

Response: Blackstone Gas Company currently serves 39 customers on its Low-Income Heating Rate R-4 and 3 customers on its Low-Income Non-heating Rate R-2.

Under the Arrearage Management Plan ("AMP") filed by the Company in December 2005 any customer eligible for the low-income rate and in arrears by more than $400 is eligible for the AMP.

Under the AMP there would be an initial payment of 15-25% of the arrearage balance and the customer would pay the balance over the next 4-12 months. If the customer pays the arrearage in accordance with the AMP and is current on gas bills for the agreed term of the AMP, the customer would receive the last monthly arrearage payment up to $400 as a credit. The Company would propose to require any customer under the AMP to also enter into a budget billing plan for his/her current bills to help the customer better manage his/her gas bills. Currently, only 5 of the customers on the Blackstone Low-Income Rates are on a budget billing program even though the Company has specifically advised these customers of the availability of the budget program.

Currently 23 of the 43 customers on the Low-Income Rates are receiving fuel assistance. If the Company added a requirement that the customer must also receive fuel assistance to qualify for the AMP and assuming all 23 customers currently on fuel assistance qualified for the AMP and received the maximum credit of $400, the total write-offs under the AMP would equal $9,200 per year. The Company has no estimate of any increased administrative costs but if it were to pay a CAP agency $50 per customer this would add another $1,150 in costs for a total cost of $10,350. If the total cost is allocated on a volumetric basis, annual forecasted sales, the recovery charge for the AMP would be $0.00766 per ccf ($10,350 ÷ 1,350,820 ccf annual sales).

The impact of the Arrearage recovery charge on an average heating customer using 125 ccf in the winter is $.96 per month or an increase of 0.44% on current peak rates. For the average non-heating customer using 20 ccf per month the increase is $.15 per month or 0.34% on current peak rates. For the commercial customers the annual increase is approximately $3,400. Based on 2004 total revenues from commercial sites for these rates the percentage increase on an annual basis is approximately 0.6%.

The foregoing analysis appears to be a worst case analysis based on the Company's records as of February 1, 2006. Currently there are only 15 current low-income customer with balances in excess of $400 which average approximately $570. If the average arrearage customer enters into a 12 month AMP, the average credit equal to the last months charge is less than $50 per average customer. This would seem to indicate that the AMP write-offs and the administrative costs to the CAP agency should be less than $2,000 per year. In addition there would be administrative costs incurred by the Company.